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# **The Business of Fashion: entrepreneurship and enterprise learning for the new 'creative' global marketplace – the Australian case study.**

by Kay McMahon QUT Fashion

## **INTRODUCTION**

“Fashion consists of both commerce and creation. You need to find the right balance, if not you cannot continue. Although I will always defend a very pure creation, I should not forget that I am responsible for the jobs of the 500 people working for Yohji Yamamoto.”  
(Yamamoto, 2005)

While the fashion industry is normally first to recognise trends and embrace creativity, fashion designers are sometimes the last to acknowledge that business acumen and entrepreneurial skills are needed. However, fashion designers and entrepreneurs are now all members of the new 'creative' global marketplace with its inherent need to sell globally and be competitive with international brands. For the Australian industry, this tension creates enormous pressures due to Australia's small population (and market/s), the decreasing textile and manufacturing base, the increase of 'creative' micro businesses and with this the increasing number of young Australians wanting to start their own fashion business.

This paper highlights the current size of the Australian fashion industry, the trend for small business models, the 'career portfolio' entrepreneur and strategies Australian universities are undertaking to address students wishing to enter the business of fashion. It also identifies case studies where enterprise learning pedagogy has been successfully implemented into the business education of an Australian fashion program and concludes with recommendations for an enterprise pedagogy that creates authentic learning, while working with industry and community stakeholders in flexible university formats.

## **The Australian Fashion Industry**

There is little statistical research available on the Australian 'fashion' industry, due to the difficulty in harnessing true statistics from an industry banded together as the Textile, Clothing and Footwear (TCF) Industries. The various but very small to medium (SME) businesses that make up this sector historically make it difficult to assess the role of 'fashion' in the national business agenda.

Recently though the federal government commissioned a study, *Building Innovative Capacity – Review of the Australian Textile, Clothing and Footwear Industries* (2008) to try to capture some sense of the size and changing roles of business models within the industry.

As Webber and Weller (2001:344) noted in this report, “the TCF industry includes not only manufacturers but also wholesalers, retailers, managers and designers.....As firms change strategies.....so they shift between statistical categories.” (Commonwealth of Australia, 2008.) Many Australian companies have had to reassess their core business in the last 30 years since the lifting of tariffs and the increased competitive pressure, by greatly diversifying their range of activities. “For example some firms combine manufacture with importing or concentrate on design while outsourcing manufacture to local or overseas firms.” (Commonwealth of Australia, 2008:21) In fact “the largest contributor by far to the decline in overall industry output and employment has been the rising share of imports in total Australian sales of TCF products.” (Commonwealth of Australia, 2008:29)

Without protection, the Australian industry has had to deal with its small marketplace no longer being able to support bottom lines, which has in turn led to decreasing and small employment numbers:

- 2 600 fashion designers employed 2006 Census data (Higgs 2008)
- TCF wholesaling employed 27 900 people and generated AU \$2.5 billion in value added
- TCF retailing employed 130 600 people and generated AU \$4.97 billion in value added
- In total, wholesaling and retailing employed 158 600 people, more than three times the number employed in TCF manufacturing (Commonwealth of Australia, 2008)

### **Australian Fashion Business Models**

Most Australian TCF companies are SME's, with one quarter of total TCF employment in 2005/6 in firms with 0-4 employees and at the other end only one quarter in firms with more than 100 employees. (Commonwealth of Australia, 2008: 25) These statistics support the trend for intellectual property, research and development, design, branding and marketing, and the co-ordination of subcontractors as being vital to the survival of many TCF firms. (Commonwealth of Australia, 2008:33)

Small, flexible, design-driven companies are seen as leading the way in the competitiveness of the global 'fashion' industry and aspiring young Australian designers are (perhaps naively) entering the market believing this is all they need to remain competitive.

The federal report however dispels this myth, “In addition to design and manufacturing skills, instruction in business skills such as marketing, basic accounting and dealing with suppliers

and customers is essential....these skills are especially critical for the self-employed or micro firms that do not have the internal specialised management skills that larger firms enjoy.” (Commonwealth of Australia, 2008:45)

### **Australian Fashion Career Outcomes**

While the report (2008:36) identifies opportunities for employment in manufacturing decreasing rapidly from 1986 to 2006, “the proportion of operatives and machine operators.....declined dramatically from 63.3% to 43.5%” , there has been a steady increase in other, more ‘business’ areas: managers almost doubled from 7.7% to 14% and professionals doubled from 2.7% to 7%.

Where does this leave fashion designers? Malem (2006) quotes a study into the Australian design sector (Choi, 2003) who assumes there are two types of designer; an ‘artisan’ designer and a ‘business’ designer and each role varied from one individual to another. So while design is at the epicentre of most young designers’ entry into the marketplace, there is still a group who see the ‘business’ of fashion as having importance.

A national survey of 784 young Australians ranging from 15 – 24 years to gauge attitudes to entrepreneurialism discovered “....young Australians have a generally positive view of entrepreneurial activity. Approximately 68% said they wanted to start a business of their own at some time in the future.....” (Ward, A. 2004:108)

Research identifies the following graduate career outcomes:

- Designers – own small business
- Creative Directors
- Designers/Product Developers
- Design Assistants
- Costume Designers
- Production Managers/Assistants
- Agents / wholesalers
- Importers
- Business/Marketing Managers
- Stylists
- Trend forecasters
- Illustrators
- Fashion Journalists and fashion bloggers
- Retailers – own business

- Retail Managers and Assistants

It must be noted many of the above outcomes are also carried out simultaneously. While this paper does not address career options for the new 'Creative Classes' as identified by Richard Florida (2002), it should be noted graduates sometimes create their own 'career portfolios' with several of the above roles carried out on a casual/contract/own business level. *Viewpoint* (2008) identifies this as the 'slash/slash' generation.

## **Fashion Business Education**

What strategies are educators implementing to support these new business models? In Australia, the Commonwealth Report (2008:114) noted that

“....in addition to creative skills and ability, designers also need business and management skills and a conceptual understanding of elements of the manufacturing process, so that creative ideas can be turned into commercial products in the marketplace.....in particular there is a role for business schools to work more closely with design faculties in the development of graduate capabilities for the TCF industries....”

In Australia there are several options for university fashion students.

### **1. BACHELOR OF DESIGN OR FINE ARTS (FASHION)**

- 3 - 4 year course

#### **Subjects include:**

- Fashion design and garment production in a studio environment
- Fashion Theory
- Small business and entrepreneurship skills for owner/operators
- Basic understanding of supply chain logistics and industry calendars
- Internships, work experience, exchanges, industry panels

### **2. BACHELOR OF BUSINESS – B BUS**

- selection of business degrees – accountancy, advertising, marketing and public relations, economics, management

- 3 year course/s
- practising industry educators
- fashion business case studies, projects and research opportunities
- work experience

### 3. **BACHELOR OF FINE ARTS FASHION AND BACHELOR OF BUSINESS – BFA/BBUS**

- dual degree **only available QUT Brisbane Australia**
- **4 year course** (business degree through the Business Faculty and Fashion Design degree through the Fashion Faculty)

### 4. **BACHELOR OF CREATIVE INDUSTRIES - BCI (major in Fashion)**

- **only available QUT Brisbane**
- **3 year course**
- interdisciplinary skills for various 'creative' careers
- selection of subjects from fashion, visual arts, journalism, media and communication, entertainment, interactive design, graphic design
- internships and industry project subjects

### 5. **BACHELOR OF BUSINESS AND BACHELOR OF CREATIVE INDUSTRIES BBUS/BCI**

- dual degree **only available QUT Brisbane Australia**
- **4 year course**
- major in fashion theory and business units

The opportunities for business education within a fashion industry context range from a fashion 'designer' graduate where students are taught within a studio/making context through to graduates who have either studied a business degree with fashion case studies, or graduates where career outcomes can span a spectrum of the 'creative industries'.

The design studio curriculum covers an 'entrepreneurship' focus where graduates learn 'start-up' business skills with an understanding of industry timing and supply chain processes. The pure business curriculum focuses on a larger/corporate model where graduates are presumed to gain work as an employee, perhaps with a specific background

in marketing, accounting, advertising or finances. The dual degree options have only recently produced their first graduates and are being keenly analysed.

### **Enterprise Learning Pedagogy**

The increasing technological strategies available in the global marketplace, has opened opportunities for young Australian fashion designers and graduates to embrace global business and entrepreneurial strategies to adopt new business models. As Gibb (2002:234) states, “the key trigger for the growing interest in entrepreneurship is globalisation.”

Rae (2005) supports this by stating, “Entrepreneurial learning can be defined as ‘learning to recognise and act on opportunities, and intersecting socially to initiate, organise and manage ventures’ and has the double connotation of both learning to behave, as well as learning through, entrepreneurial ways.”

With this in mind, several universities are addressing these pedagogies within their traditional format and in some cases have fallen foul of structures/strictures and models which historically have advocated the lecture, tutorial, lecturer-driven assessment approach. While many universities are realising new models are required to foster student engagement and hierarchical learning, there have been barriers to innovative approaches. As Robertson and Collins (2003:331) have identified:

“Kirby (1992) argued that to develop more entrepreneurial graduates requires a more enterprising approach to learning, which is more student-centred and action – and – process-oriented than is traditional, focusing on development of entrepreneurial skills and competencies associated with business administration management. He added that to develop enterprising or entrepreneurial individuals requires a learning process which:

- gives students ownership of their own learning objectives
- involves students in problem solving in real world solutions, possibly in teams
- encourages students to formulate decisions on data which are immediate, incomplete, dubious and, as appropriate, personally generated
- provides students with role models of successful entrepreneurs
- enables students to reflect on what they have learned.”

Other academics identify that new graduates should have a portfolio of competencies. Ward (2004:108) states, “Interestingly, employers are also seeking entrepreneurial qualities in employees, particularly emotional competencies. For example, in graduate recruitment,

employers are increasingly looking beyond strong technical skills to a more broad-banded set of capabilities and attributes, including:

- emotional intelligence
- people that can be developed;
- people that get along with others;
- professional appearance;
- creative and innovative – not robots; and resilience. “

Rae (2010:595) goes further and highlights the need for entrepreneurship skills to be embraced beyond the classroom.

“Enterprising learning is by contrast led by creativity, informality, curiosity, emotion and its application to personal and real-world problems and opportunities (Penaluna and Penaluna, 2008). Its values of practical and emergent learning challenge the ‘bureaucratic control’ culture of academe which privileges programmed knowledge (Gibb, 2002). There is growing recognition that learning for entrepreneurship in the context of higher education takes place beyond the formal classroom environment, through experiential and discovery learning which challenges orthodox pedagogies.....”

Mullen (1997) underlines the importance of involving students in a ‘community of practice’ and states, “It also demands of ‘learning organizations’ that they build a community of learning with relevant stakeholders leading to the formation of identity, access to wider knowledge, to social practice and familiarization with relevant values and feelings.” (Gibb, A. 2002)

Therefore the Australian fashion industry requires small, ‘entrepreneurial’ businesses with a global outlook. There is a need for multi-skilled employers and employees due to the ‘micro’ nature of business and the trend for graduates to initially embrace a career portfolio. While current business education in fashion ‘design’ courses highlights entrepreneurship within a design studio setting, there is an increasing need for new pedagogical models that address the ‘creative industries’ students’ need for enterprise and authentic learning working within a community of practice that includes relevant community stakeholders.

### **Case Study – The Fleet Store (Queensland University of Technology)**

In 2010 the first Australian cohort of double degree fashion and business students graduated from QUT. An opportunity arose with industry stakeholders (the Wintergarden Shopping Centre Management, Brisbane Marketing, QUT and Creative Enterprise Australia), to create a fashion ‘pop up’ store in an inner city high profile shopping centre. Students initiated, created, managed and ran a successful fashion boutique in a ‘real world’ scenario.

The 10 double degree students carried out managerial roles in buying, marketing, public relations, advertising, human resources, visual merchandising, accounting, finances, staffing



and shop layout. A feasibility study was prepared and presented to the Creative Enterprise Australia (CEA) Board which underwrote the initial expenses, insurance and legalities. Students sourced and costed the project for a profitable outcome.

Fashion design students, graduates and incubatees from the CEA Fashion Incubator were approached for product, students manned the store and the project was marketed as a 'pop up' store for a three month period. While double degree students were the 'drivers' and managers, industry mentors (and lecturers) guided strategies and progression.

Not only was the store a profitable venture, but fashion 'designers' were able to create individual business plans and models to research the profitability of their product in the marketplace. AU\$100 000 of editorial and social media was gained. All students who participated now have 'real world' examples for portfolios and feedback was enthusiastic and positive.

"Developing The Fleet Store concept was one of the most challenging, rewarding and innovative projects that I have been involved in. The experience let those involved gain real world insight into the conceptualisation, foundation procedures and legal requirements of starting a business." (Learning Experience Questionnaire 2010)

"This is the most real world thing we've done so far [at university] and it's pretty different having to finish work to a standard where it's going to be out in the public realm, rather than just handing it to a few people to be marked." (Bridgstock & Thomas 2010)

"The industry knowledge, business practice and experience gained from opening and operating The Fleet Store will be carried with us throughout our professional careers." (Learning Experience Questionnaire 2010)

"I think The Fleet Store was a perfect opportunity for us to take what we've learnt from business, take what we've learnt from fashion and put it together and practise it. So I think especially for the double degree students, all that behind the scenes stuff was the first time we really felt like we were doing both." (Bridgstock & Thomas 2010)

".....the people that were stocked in the store as well were so lucky to have been given this opportunity because we are reaching the end of our degrees where you start thinking oh my god, what am I going to do next year? Even just having that on a resume, I have been stocked in a store in a proper business.....it's a real world thing that happened." (Bridgstock & Thomas 2010)

"What we learnt from the initiative....., are invaluable lessons that have pushed us to the forefront of business innovation and has readied us to take the next step in beginning our professional careers." (Learning Experience Questionnaire 2010)

Career outcomes so far have included international and national managerial roles in design, retail, accounting, marketing and public relations.

### **Case Study – *Frock Paper Scissors* and [www.frockpaperscissors.com](http://www.frockpaperscissors.com)**

The *Frock Paper Scissors* (FPS) project has been generated in a subject which is run as an elective in the Fashion discipline. Students from Fashion, Journalism, Visual Arts, Graphic Design, Communication, Creative Industries, Business and Design can enrol. The final outcome is a hard copy magazine with 5 000 copies distributed throughout Queensland and Australia and a public website.

Students manage, design, create, cost, produce all content (including photoshoots, editorial, illustrations, layout, web design) as well as raise the money to print the magazine through advertising. Managerial roles are pitched for and the student managerial and editorial team guide the project with support from industry mentors and university staff. Weekly meetings are conducted rather than weekly 'lectures' and students learn by 'doing' with an understanding of the 'enterprise' and team work required. All students take on 'ownership' of the project and their decisions direct the aesthetic and final presentation of both outcomes.

Lecturers have seen a student commitment and energy not seen in other traditional learning pedagogy. Students are aware of the entrepreneurial decisions they are making and the repercussions if decisions do not address the appropriate business and journalistic models. The launch is a public affair with editorial and social media promoting the venture in an international arena. The FPS alumni (or Frocksters as they are known) support and promote each edition and industry feedback has suggested the project is of a quality and professional standard.

Students embrace the opportunity and their reflections (LEX Feedback) highlight their commitment and the positive opportunities they see for learning:

“the most productive and valuable part of my degree”

“hands on and relevant”

“a safe and encouraging environment to test your creative ideas, but with real world applications”

“I loved the hands on aspect of learning. That fact that we, as students had a lot to do with the way the magazine turned out was fabulous. It really gave us a taste of how we have the ability to get something done. It also helped with two fundamental things: organisation and team work.”

“great industry experience which allows students to pick the areas they would like to work in so they can build up their skills. Fantastic guest lecturers and mentors which really gave us an insight into the business side of the industry and what to expect.....”

“I learnt to critique my own ideas and to critique my own preconceptions about organisations, fashion media and people.....”

## **Conclusion**

While the fashion industry is in the midst of great change, graduates leaving Australian universities need a multi-skilled, global, entrepreneurial and 'enterprising' focus. Universities need to address skills and experiences these new fashion and 'creative industries' employers and/or employees require. Enterprise and entrepreneurial pedagogy is needed if we are to produce successful and employable graduates.

The above case studies are not perfect, but have taken enterprise pedagogy to a level outside the traditional lecture and tutorial format. Industry and community stakeholders have an invested interest in the students' learning and support the very real 'enterprise' of each project in the marketplace. Student reflections suggest they have gained the entrepreneurial, business, social, team and 'real world' experiences they need to enter the marketplace.

Therefore fashion business educators must constantly assess the opportunities new business models promote and embrace the 'chaotic' and entrepreneurial pedagogy required.

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